



SmartFinancial, Inc.

AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of SmartFinancial, Inc. (the “*Company*”) has been established to assist the Board in:

- a. Overseeing the accounting and financial reporting processes of the Company, including the Company’s subsidiaries, and the audits of the financial statements of the Company.
- b. Monitoring
 - The integrity of the financial statements of the Company.
 - The independent auditors’ qualifications and independence.
 - The performance of the Company’s internal audit function and independent auditors.
 - The Company’s system of internal controls.
 - The Company’s financial reporting and system of disclosure controls.
- c. Preparing the Committee report required by the rules of the Securities and Exchange Commission (the “SEC”) to be included in the Company’s annual proxy statement.

MEMBERS

The Committee shall consist of at least three directors, all of whom shall be independent. Members of the Committee shall not receive any compensation from the Company except for their board or committee service, and shall also satisfy the requirements for independence established by the Nasdaq Stock Market (“NASDAQ”), Section 10A-3 of the Securities Exchange Act of 1934 and the rules and regulations of the SEC. Additionally, each member of the Committee shall not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years and shall be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. Also, at least one member of the Committee shall be qualified to be an “audit committee financial expert” as defined by Item 407(d)(5)(ii) of Regulation S-K. A person who satisfies this definition of “audit committee financial expert” will be presumed to have financial sophistication.

The members of the Committee shall be nominated for membership on the Committee by the Nominating Committee of the Board, shall be appointed by the Board and shall serve for such term as the Board determines. The Board shall have the power to remove a member of the Committee and to fill any vacancy on the Committee, in each case, in its sole discretion. The Board shall designate one member of the Committee as its chairperson (the “*Chair*”).

RESPONSIBILITIES

The Committee has the responsibilities and powers set forth in this charter. Management is responsible for the preparation, presentation, and integrity of the Company’s financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Company and for establishing and maintaining internal control over financial reporting. The independent registered public accountants are responsible for auditing the Company’s financial statements and the effectiveness of internal control over financial reporting, if required, and for reviewing the Company’s unaudited interim financial statements. The Committee’s role is one of oversight. The Committee is not providing any expert or special assurance as to the Company’s financial statements or any professional certification as to the independent auditor’s work.

The Committee is responsible to the Board for the following duties:

- a. Annually approving the appointment, retention, compensation and oversight of the work of the external independent auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The independent auditor shall report directly to the Committee.
- b. Periodically evaluating the qualifications and experience of the independent auditor team and lead audit partner, evaluating the audit scope, staffing levels and quality control procedures of the external independent auditors.
- c. Confirming and evaluating the rotation of the audit partners at the Company’s independent auditors as required by law.
- d. Reviewing the independent auditor’s report to the Committee regarding such internal control over financial reporting.
- e. Reviewing disclosures made to the Committee by the Company’s principal executive and financial officers during their certification process under Section 302 of the Sarbanes-Oxley Act for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal control over financial reporting or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company’s internal control over financial reporting.
- f. Reviewing management’s report on its assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year.
- g. Reviewing and discussing with management and the external independent auditors the annual audited and quarterly unaudited financial statements including the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”
- h. Receiving timely reports from the external independent auditor concerning the Company’s critical accounting policies and practices, all alternative treatments of financial information within

generally accepted accounting principles (“GAAP”) that have been discussed with management, the ramifications of alternative disclosures and treatments and the treatment preferred by the external independent auditor, and all other material written communications between the external independent auditor and the Company’s management.

- i. Assisting in the resolution of any disagreements between management and the external independent auditors.
- j. Approving in advance all audit and non-audit services provided by the independent registered public accountants, including specific pre-approval of internal control-related services based on Public Company Accounting Oversight Board (“PCAOB”) Rule 3525, and receiving certain disclosure, documentation, and discussion of non-prohibited tax services by the independent registered public accountant based on PCAOB Rule 3524. The Committee shall not engage the independent registered public accountants to perform non-audit services proscribed by law or regulation. The Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.
- k. Reviewing and discussing with management, the Company’s earnings press release, including the use of any “pro forma” or “adjusted” non-GAAP information.
- l. Confirming the independence of the independent auditors and obtaining a formal written statement delineating all relationships between the independent auditors and the Company consistent with the PCAOB’s applicable requirements, including all non-audit services and fees. The Committee will also discuss with the independent auditors any relationship or service that would impact the auditors’ objectivity and independence and will recommend that the Board take appropriate action in response to the auditor’s statement to ensure the independence of the independent auditors.
- m. Determining whether to retain a third-party accounting firm (which shall not be the independent auditor and only on a temporary basis) to provide all or a portion of the internal audit function and the terms and conditions, including fees, for any such engagement.
- n. Annually approving the selection, evaluation, compensation and audit plan of the internal audit provider or staff. In determining the annual audit plan of the internal auditor, the Committee may consider information provided by banking regulators, internal auditors, prior internal audit reports, etc.
- o. Determining that the internal audit provider or staff has:
 - Examined and evaluated the effectiveness of the system of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act and the quality of performance in carrying out assigned responsibilities in the organization.
 - Reviewed the reliability and integrity of financial and operating information used and reported.
 - Examined compliance with regulations, laws, policies and sound banking practices and the internal systems in place to assure ongoing compliance and report violations or internal system deficiencies and recommended improvements.
 - Periodically reported the results of their procedures to the Committee.

- p. Ensuring that the internal and external audit staffs, as well as the internal loan review provider or staff, have appropriate and direct access to the Committee and periodically meet with the Committee in private session as appropriate.
- q. Establishing policies for the Company's hiring of employees or former employees of the external independent auditor who were engaged on the Company's account. Generally, the Committee should pre-approve the hiring of such employees and confirm with the external independent auditor that the nature and scope of the hired employee's responsibilities would not compromise such auditor's independence.
- r. Receiving reports quarterly from the principal executive and financial officers of the Company regarding (i) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting; and (iii) whether there were changes in the Company's internal control over financial reporting or in other factors that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.
- s. Reviewing and discussing the Company's policies with respect to risk assessment and risk management, including the risk of fraud and the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- t. Establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters and for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- u. Reviewing quarterly, prior to their filing with the SEC, the Company's Quarterly Reports on Form 10-Q and Annual Report on Form 10-K, as well as reports from the Company's principal executive and financial officers concerning their certifications filed with such reports.
- v. Reviewing and approving all related party transactions to the extent required under Nasdaq rules [and the Company's related party transaction policy].
- w. Reviewing any violations and any waivers (as approved by the Board) to the Company's Code of Conduct (the "Code of Conduct") concerning members of the Board or any executive officer.
- x. Receiving information on the adequacy of the Company's compliance with established policies, regulations and controls.
- y. Reviewing any recommendations or findings of the Board or any other Board or management committees with a heightened sense of awareness to those matters that have an impact on the financial statements and the internal control over financial reporting of the Company. At a minimum, the following items should be reviewed on a periodic basis:
 - The quarterly compliance monitoring schedule, summary of findings, violations of compliance laws and regulations, and corrective actions taken or to be taken.

- Any violations of the Code of Conduct by any directors, officers or employees having an impact on, or being reasonably related to, the Company's internal control over financial reporting.
- z. Reviewing, to the extent considered necessary and unless otherwise addressed by the full Board or another committee thereof, all regulatory examination reports and determine whether adequate corrective actions are being taken to correct any deficiencies, violations or weaknesses noted in the reports.
- aa. Preparing the report required by the rules and regulations of the SEC for inclusion in the Company's proxy statement disclosing that the Committee has reviewed and discussed the audited financial statements with management and discussed certain other matters with the independent auditors. The report shall state whether based upon these discussions, the Committee recommended to the Board that the audited financial statements be included in the Company's annual report.

MEETINGS

The Committee will meet at least four times per calendar year (once per quarter) and will have additional meetings as necessary to carry out its responsibilities. The Chair, or such other Committee member as may be appointed to preside at such meeting if the Chair is not present, will preside at each meeting of the Committee and, in consultation with the Committee members, shall set the agenda of items to be addressed at each meeting. At the beginning of each year the Committee will establish a schedule of agenda subjects to be discussed during the year (to the degree these can be foreseen). The schedule will be furnished to all directors of the Board.

A majority of the members of the Committee shall constitute a quorum at a meeting, and the affirmative vote of a majority of the Committee members present at the time of the vote, if a quorum is present, shall constitute action by the Committee, provided that if action is taken by written consent in lieu of a meeting unanimous written consent shall be required of all members of the Committee. The Committee shall fix its other rules of procedure, except as expressly provided in this charter, the charter or bylaws of the Company, the Company's Corporate Governance Guidelines, or as otherwise prohibited by law or the rules of NASDAQ. Company management, internal and external independent auditors, outside counsel and other consultants and/or advisors may attend meetings at the invitation of the Committee.

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

ASSISTANCE FROM OTHERS

The Committee shall be authorized, if it determines such action to be appropriate, to retain at the Company's expense, independent counsel or other consultants and/or advisors. The Committee shall engage such independent counsel and other advisors as it deems necessary to carry out its duties. In addition, the Company shall provide appropriate funding for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

REPORTING

The Committee shall maintain written minutes of all meetings and consent actions, which shall be recorded or filed with the books and records of the Company and made available to the Board. The Committee will make regular reports to the Board and as required by law, regulations or applicable stock exchange regulations. Reports of significant matters presented at meetings of the Committee will be given by the Chair to the Board on an as needed basis.

PERFORMANCE EVALUATION

At least annually, the Chair shall review and assess the adequacy and appropriateness of this charter and the Committee's own performance. The results of such evaluation and any proposed changes should be presented to the full Board.

Date of last revision: February 2020
Date of last approval: February 2020